

Agenda #5

Update on Northeast Seams Issues

Business Issues Committee Meeting

July 9, 2003

Status of Seams Projects

Current Quarter Deliverables

| Project | Due Date | Status |
|---|---|---|
| 1. Evaluation of 7040 transfer limits | <ul style="list-style-type: none">▪ August (orig. June) | <ul style="list-style-type: none">▪ Draft study is under review – will be presented to SOAS and OC in July/August timeframe |
| 2. Maritimes participation in ACE Diversity Interchange | <ul style="list-style-type: none">▪ Projected Summer 2003 | <ul style="list-style-type: none">▪ Awaiting project scheduling |
| 3. OSS – PJM ramp data display | <ul style="list-style-type: none">▪ August | <ul style="list-style-type: none">▪ Feature expected to be deployed in August |

Other Seams Related Activity

Recent Initiatives

| Issue | Activity Description |
|----------------------------------|--|
| 1. Elimination of Rate Pancaking | <ul style="list-style-type: none">▪ PJM, NYISO and ISO-NE – In June, the NYISO and New York TOs presented a proposal for the elimination of export fees to stakeholders in NY.▪ Larger stakeholder involvement is planned as part of the overall process.▪ The goal is to take action by the end of 2003 to begin the elimination of pancaking in 2004. |
| 2. Virtual Regional Dispatch | <ul style="list-style-type: none">▪ NYISO and ISO-NE – A draft working paper has been distributed for market participant review.▪ Two NY/NE stakeholder meetings held to date; third meeting set for July 31.▪ IMO and PJM being kept informed of progress. |
| 3. Scarcity Pricing | <ul style="list-style-type: none">▪ NYISO and ISO-NE – NY implementation complete for reserve shortage cost pricing and to permit EDRP and SCR resources to set energy prices in real-time.▪ ISO-NE has filed a scarcity pricing proposal with FERC for implementation in July which is similar to the NYISO proposal for reserve shortage situations. |

Other Seams Related Activity

Recent Initiatives (continued)

| Issue | Activity Description |
|---|--|
| 4. Regional Resource Adequacy Model (RAM) | <ul style="list-style-type: none">▪ ISONE, PJM and NYISO – Vendor selected for development of the central resource market design.▪ RAM group will continue to work on other issues outside the scope of the RFP, in parallel with the RFP market study. |
| 5. Open Scheduling System (OSS) | <ul style="list-style-type: none">▪ NYISO and PJM - Provided status report and discussion with stakeholders at March 10th MSWG.▪ NYISO - Working with Sapient to determine level of effort for potential OSS capabilities for in-day pre-scheduling, operator checkout tools and additional one-stop-shop functionality. |
| 6. Multiple Proxy Buses | <ul style="list-style-type: none">▪ NYISO and ISO-NE – A draft white paper has been distributed for market participant review.▪ This issue was discussed at a joint meeting between the NY MSWG and the ISO-NE Markets Committee on May 29th in Albany. |
| 7. Northeast Coordinating Committee | <ul style="list-style-type: none">▪ NYISO, IMO and ISO-NE - Northeast Independent Market Operator's Coordinating Committee - first status report issued in May 2003 |

Open Issues

| Issue | Activity Description |
|---|--|
| 1. Controllable Line Scheduling | <ul style="list-style-type: none"><li data-bbox="595 458 1783 611">▪ Concept of operations for general methodology to schedule controllable lines has been drafted by NY and distributed to MSWG back in January. Stakeholder input will be gathered through the existing NY working group process which is open to all regional participants. |
| 2. Multiple Proxy Buses For Free-Flowing Interfaces | <ul style="list-style-type: none"><li data-bbox="595 722 1754 948">▪ There is a desire to provide east and west scheduling points for transactions on the NY-PJM interface. A draft white paper has been distributed for market participant review, and was discussed at the joint NY/NE meeting on 5/29/2003. This issue is being referred to the individual ISO Market Committees to discuss and refine the business issue definition. |
| 3. Different Ramping Rules | <ul style="list-style-type: none"><li data-bbox="595 1033 1789 1105">▪ Stakeholder desire for Operations to look at the short-term ability to make 30-minute schedule changes between NY and PJM. |